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Bjorn Eirik **Olsen** and Terje **Vassdal** :

HERRING FOR CONSUMPTION

Analysis of markets and competition

Abstract :

The report is a survey and an evaluation of the markets that are of interest for the Norwegian consumer herring industry. Special attention is paid to price/demand relations and purchasor's preferences. Also, the most important suppliers to the market are analysed, with regard to market shares, raw material supplies, quality, price competitiveness, etc. Finally, the development and future prospects of the Norwegian production and export of consumer herring are discussed in view of the market and competitive situation.

Key concepts : Consumer herring
Market analysis
Norwegian export

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PREFACE

The main part of the work put into the present report was performed by Bjorn Eirik Olsen. In fall 1982, he travelled on a grant to Japan, and the undersigned (Terje Vassdal) completed his work, assembling the extensive and partly over-complex manuscript prepared by him. The report shows signs of being completed by others; it is rich in detail but frequently lacks lucid conclusions.

As far as we know, this is the first Norwegian report to systematically review the international statistics concerning the development of herring markets and herring production of our competitors. It is believed that such a detailed, sober review of the different sides of the herring market development should be of great interest to the industry.

The persons we contacted both in Norway and abroad during the work responded very positively and gave us a lot of valuable information. Some of them are mentioned in the report, but most of them are thanked without listing their names, which does not mean mean that they are forgotten; the contributions of all our contacts within the industry have been an invaluable help for us.

Terje Vassdal
Group leader,
Economy Group,
Institute of Fisheries Technological Research

SUMMARY

This report consists of three parts. The first part contains an analysis of the markets, seen in view of the demand. The report surveys most of the big markets and attempts to describe the flow of goods in these markets, which means that each country's own catches, its import for own consumption, and its import of semi-manufactured products for own further processing for later re-export, are discussed separately. Also, an attempt has been made to analyze the developmental trends of the market in each country, that is, it has been studied whether the turnover is increasing or decreasing, whether there is a tendency to substitute herring with other products, and what the price development is like.

The second part of the report looks at the market in view of the supply. The report aims to assess the fishing potential, export pattern, state of the processing industry and developmental trends of each of the biggest producer countries. These analyses constitute a basis for an evaluation of the actual competitors Norway will encounter when catches increase and competitors attempt to enter traditional Norwegian markets. Also, the report contains overviews of production costs and costs of transport to the central markets, wherever sufficient information has been available.

The third part of the report is dedicated to Norway. It includes a survey of the development of the Norwegian fishing after World War II and of the uses of the catch for both grinding and human consumption. The Norwegian share of the central markets is right now very low for natural reasons. What possibilities are there to regain the lost markets ? What products will Norway be likely to sell, in view of the customs obstacles to be encountered especially in the EEC markets and also in view of the price level to which Norway's competitors are geared ? The report makes an attempt to draw up some simple strategies that could be followed in this respect.